



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 4309 (Substitute S-1 as reported)
House Bill 4310 (as reported without amendment)
House Bill 4311 (Substitute S-1 as reported)
House bill 4312 (Substitute S-2 as reported)
House Bill 4534 (as reported without amendment)
Sponsor: Representative Eileen Kowall (H.B. 4309)
Representative Cindy Denby (H.B. 4310)
Representative Paul Opsommer (H.B. 4311)
Representative Thomas Hooker (H.B. 4312)
Representative Nancy Jenkins (H.B. 4534)
House Committee: Local, Intergovernmental, and Regional Affairs
Senate Committee: Reforms, Restructuring and Reinventing

CONTENT

The bills would amend various acts that pertain to the consolidation of municipal services, to eliminate provisions that require labor agreements to be recognized, require employees to have the same seniority and benefits, or require members and beneficiaries of pension systems or other benefits to have the same rights and benefits, following a transfer of personnel.

House Bills 4309 (S-1), 4311 (S-1), and 4312 (S-2) also would add language regarding prohibited and permissive subjects of collective bargaining.

House Bill 4309 (S-1) would amend Public Act 57 of 1988, which allows municipalities to incorporate emergency services authorities. House Bill 4310 would amend the Metropolitan Transportation Authorities Act. House Bill 4311 (S-1) would amend Public Act 8 of 1967 (Extra Session), which allows intergovernmental transfers of functions and responsibilities. House Bill 4312 (S-2) would amend the Urban Cooperation Act. House Bill 4534 would amend Public Act 425 of 1984, which allows the conditional transfer of property for an economic development project.

House Bills 4309 (S-1), 4311 (S-1), and 4312 (S-2) specify that the public entities (municipalities, political subdivisions, or public agencies) that were parties to an authority or contract entered into under the applicable Act would have the responsibility, authority, and right to manage and direct the services or functions performed in connection with the authority or contract.

The bills provide that the following would be prohibited subjects of bargaining:

- A decision as to whether the public entity would enter into an authority or contract under the Act.
- The procedures for creating an authority or obtaining a contract.
- The identities of the other parties to the authority or contract.

The content or language of a contract or articles of incorporation would be a permissive subject of collective bargaining. If a public entity and a bargaining representative of its employees engaged in collective bargaining before the approval of a contract or articles of incorporation, however, and the parties reached an agreement on issues that would obligate the public entity that would function as an employer in the joint exercise of power or the authority, then the contract or articles would have to include those obligations.

Each of the substitute bills also states that nothing in the Act would create an employment relationship between the existing employers of a public entity and the proposed joint system or authority, or relieve a public entity of the duty to engage in collective bargaining over the effect of the contract or authority on its employees, to the extent such a duty existed.

In addition, House Bill 4311 (S-1) would require a contract for the intergovernmental transfer of functions and responsibilities to include the political subdivision that would function as the employer of personnel and staff needed for the transfer. House Bill 4312 (S-2) would permit an interlocal agreement to specify the public agency that would function as the employer of personnel and staff needed for the joint exercise of power.

MCL 124.610 (H.B. 4309)
124.413 (H.B. 4310)
124.534 (H.B. 4311)
124.505 (H.B. 4312)
124.26 (H.B. 4534)

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bills would have no effect on local unit revenue but could have an indeterminate impact on local units. Cooperative and collaborative efforts are traditionally pursued to lower the total cost of an activity or activities, although such efforts can result in changes in the relative distribution of costs across the entities involved. Generally, the bills would be expected to reduce local unit expenditures by an unknown amount that would depend on the local units involved, the nature the activities involved, and the new terms of any labor agreements. While the bills would allow labor agreements made after a cooperative or collaborative effort to contain different terms than those required under current law, it is unclear the extent to which employees could be affected under their current agreements. For example, it is unclear whether local units could exercise provisions allowing the termination or early modification of such agreements in order to create new agreements based on what the bills would allow.

The bills would have no direct fiscal impact on State government. On a secondary level, to the extent that the bills lowered local unit expenses, the Legislature could consider that factor when appropriating revenue sharing payments. Similarly, to the extent that the bills resulted in lower wages and/or benefits, they could affect sales tax and income tax receipts.

Date Completed: 6-22-11

Fiscal Analyst: David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.